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# **Mercantile Bank of Canada**



Annual Statement 1975

## BOARD OF DIRECTORS

### *Chairman*

G. A. Costanzo

### *President & Chief Executive Officer*

John P. Murphy

### *Vice Presidents*

Hon. Louis P. Gélinas

Consultant,

Geoffrion, Robert & Gélinas Ltd.

Alfred T. Seedhouse

Chairman

The Manufacturers Life Insurance Company

André Bachand

Director,

Development Fund,

University of Montreal

Hugh A. Benham

Executive Director,

The Winnipeg Foundation

Carl W. Desch

Senior Vice President & Cashier,

First National City Bank

John T. Johnson, Q.C.

Partner,

Borden & Elliot

Brian R. B. Magee

Chairman,

A. E. LePage Limited

Howard T. Mitchell

President,

Mitchell Press Limited

Ronald D. Southern

President & Chief

Executive Officer,

Atco Industries Ltd.

H. Arnold Steinberg

Executive Vice President,

Administration and Finance,

Steinberg's Limited

H. Heward Stikeman, Q.C.

Senior Partner,

Stikeman, Elliott, Tamaki,

Mercier & Robb

John H. Taylor

Chairman,

North American Life

Assurance Company

Edward D. H. Wilkinson, Q.C.

Partner,

Russell & DuMoulin

## EXECUTIVE OFFICERS

John P. Murphy

President & Chief Executive Officer

Walter A. Prisco

Executive Vice President

& Chief General Manager

Duncan Campbell

Senior Vice President,

Western Division

John E. Pierce

Senior Vice President,

Eastern Division

Raymond Doré

Vice President,

Central Division

T. Sean Ahern

Vice President & General Manager,

Administration

Bernard J. Goyette

Vice President,

Investment and Exchange

Harold F. Henry

General Manager,

Credit

William T. Livingstone

General Manager,

Personnel and Public

Relations

Raymond M. Roy

Chief Inspector

G. Stevens Lynch

Deputy General Manager

& Secretary

Larry Pirnak

Deputy General Manager,

Real Estate

James A. W. Van Slyck

Deputy General Manager,

Training and Development



# STATEMENT OF REVENUE, EXPENSES AND UNDIVIDED PROFITS

For the Financial Year Ended October 31, 1975  
(with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
Revenue:		
Income from loans .....	<b>\$78,912,454</b>	\$60,570,599
Income from securities .....	<b>8,280,917</b>	7,875,458
Other operating revenue .....	<b>6,961,293</b>	5,805,109
Total revenue .....	<b><u>94,154,664</u></b>	<u>74,251,166</u>
Expenses:		
Interest on deposits .....	<b>63,250,174</b>	57,641,229
Salaries, pension contributions and other benefits .....	<b>5,782,380</b>	4,448,788
Property expenses including depreciation .....	<b>2,029,201</b>	1,642,455
Other operating expenses, including provision for losses on loans based on five-year average loss experience .....	<b>4,522,565</b>	3,515,570
Total expenses .....	<b><u>75,584,320</u></b>	<u>67,248,042</u>
Balance of revenue .....	<b>18,570,344</b>	7,003,124
Provision for income taxes relating thereto (Note 2) .....	<b>7,168,000</b>	1,873,000
Balance of revenue after provision for income taxes .....	<b>11,402,344</b>	5,130,124
Appropriation for losses, net of income taxes related thereto (Note 2) .....	<b>2,500,000</b>	300,000
Balance of profits for the year .....	<b>8,902,344</b>	4,830,124
Dividends .....	<b>5,859,024</b>	4,493,332
Amount carried forward .....	<b>3,043,320</b>	336,792
Undivided profits at beginning of year .....	<b>844,340</b>	507,548
Undivided profits at end of year .....	<b><u>\$ 3,887,660</u></b>	<u>\$ 844,340</u>
Balance of revenue after provision for income taxes per share based on average shares outstanding .....	<b><u>\$1.57</u></b>	<u>\$0.89</u>
Balance of profits per share based on average shares outstanding .....	<b><u>\$1.22</u></b>	<u>\$0.83</u>

See accompanying notes to financial statements.

# STATEMENT OF ASSETS AND LIABILITIES as at October 31, 1975 (with comparative

## ASSETS

	<u>1975</u>	<u>1974</u>
Cash and due from banks .....	\$ 72,294,389	\$ 27,710,873
Cheques and other items in transit, net .....	<u>89,915</u>	<u>7,018,051</u>
Total cash resources .....	<u>72,384,304</u>	<u>34,728,924</u>
Securities issued or guaranteed by Canada, at amortized value .....	56,975,221	39,571,588
Securities issued or guaranteed by provinces, at amortized value .....	4,369,182	499,593
Other securities, not exceeding market value .....	<u>110,891,448</u>	<u>83,567,536</u>
Total securities .....	<u>172,235,851</u>	<u>123,638,717</u>
Day, call and short loans to investment dealers and brokers, secured .....	12,500,000	10,000,000
Other loans, including mortgages, less provision for losses .....	<u>979,529,562</u>	<u>488,400,105</u>
Total loans .....	<u>992,029,562</u>	<u>498,400,105</u>
Bank premises, at cost, less amounts written off .....	2,676,771	2,426,178
Customers' liability under acceptances, guarantees and letters of credit as per contra .....	44,332,403	33,158,751
Other assets .....	<u>4,503,676</u>	<u>6,545,316</u>
	<u>\$1,288,162,567</u>	<u>\$698,897,991</u>

*See accompanying notes to financial statements.*

John P. Murphy  
President & Chief Executive Officer

for 1974)

## LIABILITIES

	1975	1974
Deposits by Canada .....	\$ 2,713,111	\$ 2,838,639
Deposits by provinces .....	19,770,744	3,114,001
Deposits by banks .....	48,694,319	67,699,855
Personal savings deposits, payable after notice in Canada in Canadian currency .....	9,291,208	7,995,192
Other deposits .....	1,058,373,900	538,811,964
Total deposits .....	1,138,843,282	620,459,651
Acceptances, guarantees and letters of credit .....	44,332,403	33,158,751
Other liabilities .....	38,707,482	940,293
Total liabilities .....	1,221,883,167	654,558,695
Accumulated appropriations for losses .....	7,993,440	3,088,656

## Shareholders' equity:

### Capital (Note 1):

Authorized—8,000,000 (1974—7,000,000) shares, par value \$5 each; issued and fully paid—8,000,000 (1974—6,000,000) shares .....	40,000,000	30,000,000
Rest account .....	14,398,300	10,406,300
Undivided profits .....	3,887,660	844,340
Shareholders' equity .....	58,285,960	41,250,640
	<u>\$1,288,162,567</u>	<u>\$698,897,991</u>

Walter A. Prisco  
Executive Vice President & Chief General Manager



## STATEMENT OF ACCUMULATED APPROPRIATIONS FOR LOSSES

For the Financial Year Ended October 31, 1975  
(with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
Accumulated appropriations at beginning of year:		
Tax-paid—from amounts not subject to income tax . .	\$ 1,603	\$ 1,603
General . . . . .	<u>3,087,053</u>	<u>2,636,176</u>
Total . . . . .	<u>3,088,656</u>	<u>2,637,779</u>
Add (deduct):		
Appropriation from current year's operations, net of income taxes related thereto as set out below . . . . .	2,500,000	300,000
Provision for losses on loans based on five-year average loss experience (included in other operating expenses) less the loss experience on loans for the year . . . . .	(217,301)	56,003
Profits and losses on securities, including provisions to reduce securities other than those of Canada and its provinces to values not exceeding market . . . . .	20,085	(231,126)
Income tax credit related to appropriation from current year's operations . . . . .	<u>2,602,000</u>	<u>326,000</u>
Accumulated appropriations at end of year . . . . .	<u>\$7,993,440</u>	<u>\$3,088,656</u>
Tax-paid (amounts not subject to income tax) . . . . .	\$ 1,603	\$ 1,603
General . . . . .	<u>7,991,837</u>	<u>3,087,053</u>
	<u>\$7,993,440</u>	<u>\$3,088,656</u>

See accompanying notes to financial statements.

## STATEMENT OF REST ACCOUNT

For the Financial Year Ended October 31, 1975  
(with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
Balance at beginning of year . . . . .	<u>\$10,406,300</u>	<u>\$ 8,498,300</u>
Premium on issuance of capital stock . . . . .	4,200,000	2,000,000
Expenses of issue, net of income taxes relating thereto (Note 2) . . . . .	(208,000)	(92,000)
	<u>3,992,000</u>	<u>1,908,000</u>
Balance at end of year . . . . .	<u>\$14,398,300</u>	<u>\$10,406,300</u>

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

October 31, 1975

1. During the year ended October 31, 1975, the Bank concluded a programme to increase its authorized capital to \$40,000,000, in accordance with an Order in Council of the Government of Canada dated February 23, 1971. In this connection two share issues of \$5,000,000 each were completed during the year which increased the authorized and issued share capital to \$40,000,000 at October 31, 1975.
2. The aggregate provision for income taxes is made up as follows:

	1975	1974
In respect of balance of revenue .....	\$7,168,000	\$1,873,000
In respect of current appropriations for losses (credit) .....	(2,602,000)	(326,000)
In respect of expenses of capital stock issue (Rest Account) .....	(210,812)	(100,189)
	<u>\$4,355,188</u>	<u>\$1,446,811</u>

### Auditors' Report to the Shareholders

We have examined the statement of assets and liabilities of The Mercantile Bank of Canada as at October 31, 1975 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the foregoing statements present fairly the financial position of the Bank as at October 31, 1975 and the revenue, expenses, changes in undivided profits, changes in accumulated appropriations for losses and transactions in the rest account of the Bank for the year ended on that date.

J. S. Grant, C.A.  
of Peat, Marwick, Mitchell & Co.

Montreal, Quebec  
November 24, 1975

J. F. Lewis, C.A.  
of Thorne Riddell & Co.



## HEAD OFFICE

625 Dorchester Boulevard West  
Montreal, Quebec H3B 1R3

## BRANCHES

### EASTERN DIVISION

Montreal Branch  
625 Dorchester Blvd. West

Quebec City Branch  
580 Grande Allée East

Halifax Branch  
1681 Granville Street

Saint John Branch, N.B.  
2 King Street

Dennis L. Frizzell,  
Vice President

Gilles Séguin,  
Vice President

Jean G. Fournet,  
Vice President

Gilles P. Grenier,  
Vice President

### CENTRAL DIVISION

Toronto Branch  
120 Adelaide Street West

Kitchener Branch  
22 Frederick Street

Hamilton Branch  
47 James Street South

London Branch  
272 Dundas Street

James S. Parsons,  
Vice President

Alan E. Jenner,  
Vice President

Alan J. Pyle,  
Manager

Douglas A. S. Mills,  
Assistant Vice President

### WESTERN DIVISION

Vancouver Branch  
1177 West Hastings Street

Calgary Branch  
441, 5th Avenue, S. W.

Edmonton Branch  
10030 Jasper Avenue

Winnipeg Branch  
305 Broadway Avenue

Brian McL. Romer,  
Vice President

Hermann G. Bessert,  
Vice President

John R. Groves,  
Vice President

Maurice M. Christens,  
Vice President

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Los Angeles Representative Office  
515 South Flower Street

Lloyd M. Craig,  
Representative

# Mercantile Bank of Canada

